

# Rural Utilities Service

FCC Rural Satellite Forum

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# Noatak, Alaska

- One of nearly 40 isolated Alaskan communities where REA helped initiate modern local and long-distance telephone service by financing a satellite earth station in the 1970's and 1980's
- The OTZ Telephone Cooperative has built upon this successful telephone service and now offers DSL in Noatak

# RUS' Mission

- To serve a leading role in improving the quality of life in rural America by administering its electric, telecommunications, and water and waste programs in a service-oriented, forward-looking and financially responsible manner.

# Telecom Programs and '04

- Telecommunications loans: \$688.5 M
- Distance Learning and Telemedicine Loans: \$300 M
- Distance Learning Grants: \$39 M
- Broadband Grants: \$9 M
- Broadband Loans: \$460 million, for a cumulative total available of about \$1.8 B

# Local TV Act

- Final Rule (7 CFR 2200-2201) published December 23, 2003
- Applications due by April 21, 2004
- \$1.25 B in loan guarantee available
- Purpose: To facilitate delivery of local TV signals to nonreserved and underserved areas
- Satellite a possible solution

# Characteristics of all RUS Programs

- Must benefit rural residents
  - But definition of “rural” is communities of 5,000 and under for Telephone Loans, and communities of 20,000 and under for most other programs
  - Beneficiaries must be identifiable as rural
- Technologically neutral
- Competitively neutral?
  - Telephone Loans cannot duplicate facilities of others
  - Broadband Program gives ***priority*** to first servers

# Opportunities for Satellite

- Distance Learning and Telemedicine Program
  - DLT grants fund end user equipment, not transmission
  - DLT loans can fund both
  - Complimentary to Universal Service E-Rate and Rural Health Care programs
  - Loan funds largely underused
  - Grant funds in high demand

# Opportunities for Satellite

- Broadband Grant Program
  - Small grants made to communities to provide last mile connectivity
  - Highly competitive
  - Could, for example, create a Wi-Fi distribution system to deliver satellite-sourced broadband service for an isolated community



# Opportunities for Satellite

- Broadband Loan Program
  - Could fund a portion of a satellite broadband provider's cost to serve rural customers
    - For example, could finance customer terminal equipment if provider will own
    - Common infrastructure (uplink, satellite) difficult to finance unless satellite is dedicated to rural use

# Opportunities for Satellite

- Local TV Loan Guarantee Program
  - Direct Broadcast Satellite and Cable TV providers have shown interest in this rulemaking process
  - As DBS providers have added local markets, field of application has changed
    - Fewer nonserved and underserved areas
    - Markets that remain are smaller, offering weaker business cases

# Rural Satellite Success Stories

- DBS brought the greatest improvement in quality of life for rural America since the telephone
- Satellite radio has a similar potential
- Integrated satellite navigation/terrestrial wireless telephone systems are bringing safety and confidence to rural travelers
- These applications are broadcast apps